GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:235
ANSWERED ON:03.02.2017
Exclusively Listed Companies
Arunmozhithevan Shri A.

Will the Minister of FINANCE be pleased to state:

(a) whether the Securities and Exchange Board of India (SEBI) has asked Exclusively Listed Companies (ELCs) to get listed on the nationwide stock exchanges within 18 months, if so, the details thereof;

(b) whether the SEBI has allowed such companies to raise capital through preferential allotment route to meet listing requirements to safeguard investors of firm listed on non-operational bourses;

(c) if so, the details thereof;

(d) whether the ELCs which fail to list on the nationwide stock exchanges under the mechanism would provide exit opportunity to its investors; and

(e) if so, the details thereof?

Answer

The Minister of State in Ministry of Finance(SHRI ARJUN RAM MEGHWAL)

(a): Yes Madam. The Securities and Exchange Board of India (SEBI) has informed that in the interest of investors of the exclusively listed companies of de-recognized/ non-operational stock exchanges, SEBI, vide its Circular dated 17th April, 2015, decided to allow such exclusively listed companies a timeline of 18 months to obtain listing on any nationwide stock exchange upon compliance with the listing requirements.

(b) and (c): Yes Madam. In order to fulfill the listing requirements of the nationwide stock exchanges, SEBI, vide its Circular dated 10th October, 2016, permitted the exclusively listed companies of de-recognized/ non-operational stock exchanges to raise capital through preferential allotment route in terms of provisions under the Issue of Capital and Disclosure Requirements Regulations, 2009 (ICDR Regulations).

(d) and (e): Yes Madam. SEBI, vide its Circular dated 10th October, 2016, has mandated that those exclusively listed companies which are unable to list on nationwide stock exchanges under the mechanism provided therein shall provide an exit opportunity to their investors in accordance with the procedure prescribed in the said Circular. For this purpose, the promoter of the exclusively listed company shall, in consultation with the designated stock exchange, appoint an independent valuer from the panel of expert valuers of the designated stock exchange. If the fair value so determined is positive, the promoter shall make payment of consideration to the public shareholders. Further, the promoter is required to acquire the shares of the shareholders who have not offered their shares under the exit offer up to a period of one year from the completion of the offer at the same price determined by the valuer. The Circular also states that the designated stock exchange shall remove the company from the Dissemination Board after the promoters certify to the satisfaction of the designated stock exchange that appropriate procedure has been followed for providing exit to the shareholders.

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